Before the Federal Communications Commission Washington, D.C. 20554

In the Matter of)	
)	
Applications of Cricket License Company, LLC,)	
et al., Leap Wireless International, Inc., and)	
AT&T Inc. for Consent To Transfer Control of)	WT Docket No. 13-193
Authorizations)	
)	
Application of Cricket License Company, LLC)	
And Leap Licenseco Inc. for Consent to)	
Assignment of Authorization)	

SECOND SUPPLEMENTAL RESPONSE OF AT&T INC. TO INFORMATION AND DISCOVERY REQUEST DATED NOVEMBER 8, 2013

January 3, 2014

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4. **REQUEST:**

Provide all merger simulations, econometric modeling, or similar analyses, including those regarding market concentration or pricing, that have been undertaken by the Company or any consultant or expert hired by the Company to analyze the effect of the Proposed Transaction, including all documents and data used in these analyses.

RESPONSE:

With this Second Supplemental Response, AT&T is submitting Exhibit 4.1, a presentation to the U.S. Department of Justice on October 24, 2013, regarding the Gross Upward Pricing Pressure Index ("GUPPI") analysis performed by economic consultants Compass Lexecon for this transaction. The GUPPI analysis is described in AT&T's Initial Response to Request No. 4 of the Commission's Information and Discovery Request.

15. REQUEST:

The Applicants assert that "AT&T expects that many Leap customers can be seamlessly migrated to AT&T's network as they select their new devices" and that "as AT&T learns more about Leap's customer base, it may formulate offers designed to further encourage Leap's customers to migrate to AT&T's network within 18 months of merger close." (Applicants Aug. 20 Amendment, pages 2-3).

- a. Describe in detail AT&T's plans to migrate current Leap customers to AT&T, including:
 - i. any plans relating to AT&T's expectation that "many Leap customers can be seamlessly migrated to AT&T's network as they select their new devices, and the length of time Leap's current customers would be able to use their existing devices after the closing of the Proposed Transaction";

- ii. any plans to "formulate offers designed to further encourage Leap's customers to AT&T's network within 18 months of merger close";
- iii. any plans for relevant services and devices to be offered to Leap's current customers, including but not limited to (a) a detailed description of AT&T's plans to provide Leap's customers with devices that can be used on AT&T's network and any associated charges to a Leap customer who is required to acquire such a device, and (b) the data rates, service plans and pricing to be offered to Leap's customers, specifically identifying the rate plans that will appeal to value conscious customers; and
- iv. any plans for Leap's customers to retain their current service plans and if so, the length of time existing Leap customers can remain enrolled under their existing service plans, and the period during which new Leap customers would be able to select one of Leap's current service plans after the closing of the Proposed Transaction. Include in your explanation a detailed discussion of all the different types of prepaid/no-contract plans (e.g., daily, monthly all-you-caneat, and pay as you go) currently available to Leap's customers.
- b. Describe in detail the transition of Leap's existing customers, including
 - i. a projected timeline for the transition of all of Leap's customers;
 - ii. how Lifeline customers would be transitioned;
 - iii. how Muve Music customers would be transitioned and whether the service would continue to be offered; and
 - iv. the transition of Leap's customers enrolled under the MVNO arrangement with Sprint.
- c. Provide all plans, analyses, and reports discussing customer migration and transition of Leap's current customers to AT&T.
- d. Identify all CMAs where Leap has ETC status on tribal lands. Describe in detail AT&T's plans for allowing those customers to continue participating in the Lifeline program after the transaction.

e. For each handset that would be offered to Leap's customers after the closing of the Proposed Transaction, provide a description of the features of that handset and the services (e.g., HSPA+, LTE) supported by that handset.

RESPONSE:

As discussed in AT&T's Initial Response to the Commission's Information and Discovery Request, AT&T's detailed integration planning is in the early stages. AT&T is moving forward quickly and carefully to ensure migrating customers have a positive experience. With this Second Supplemental Response, AT&T is describing its plans for migrating Leap customers to AT&T's network based on the further planning that AT&T's merger integration team has undertaken since the Initial Response. In addition, Exhibit 15.1 provides an overview of the status of the merger integration planning and post-transaction timeline that was presented to AT&T senior executives on December 18, 2013, and Exhibit 15.2 is a similar report presented on December 20, 2013 to the steering committee of executives overseeing the merger integration process. AT&T will continue to develop and refine its merger integration plans, including with respect to the projected timeline for Leap customer migration; the estimated budget for Leap customer migration; plans for customer communications related to the migration process; examples of potential incentive offers and updated handset options that may be available to migrating Leap customers; and third-party financing arrangements. AT&T will supplement this Response as further planning progresses. In particular, AT&T plans to submit two further supplemental filings in January 2014, one in the middle of January and the other on or about the end of the month.

Integration of Aio Wireless and Leap Operations

As described in detail in our prior submissions, AT&T plans to retain the Cricket brand and expand it nationwide; retain Leap's existing retail distribution system; combine AT&T's flanker brand Aio Wireless ("Aio") and Leap operations; and [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION] During a brief transition period between closing and the launch of the "New Cricket," AT&T will continue legacy Cricket operations, including the provision of services to existing Leap customers at their current pricing plans; begin communications to educate consumers about the New Cricket; and implement plans to [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY CONFIDENTIAL INFORMATION] to ensure a smooth transition and customer

practicable. Approximately [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION] days after the transaction's closing, AT&T plans to launch the New Cricket. At this time, AT&T will begin to transition the legacy Aio and legacy Cricket retail distribution outlets [BEGIN AT&T HIGHLY]

experience for Leap customers. AT&T intends to stop selling new CDMA services as soon as

¹ [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

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[END AT&T HIGHLY

CONFIDENTIAL INFORMATION]; begin migrating existing Leap customers to AT&T's LTE/HSPA+/GSM network; and begin selling to customers [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY

CONFIDENTIAL INFORMATION]

Prepaid Customer Migration

AT&T will migrate existing Leap customers to the AT&T network by offering for purchase GSM/HSPA, HSPA+ and HSPA+/LTE devices (which are also backward compatible to GSM) through the New Cricket distribution channels. Based on historical patterns and industry experience, prepaid subscribers typically upgrade their devices frequently, and AT&T expects that many Leap customers will migrate quickly and voluntarily to the New Cricket as they select new devices.³ Furthermore, prepaid customers typically churn at a much higher rate than postpaid subscribers.⁴ Accordingly, AT&T plans to complete the transition of Leap

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

² [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

³ See AT&T Information Request Response at 44 (estimating that approximately [BEGIN LEAP CONFIDENTIAL INFORMATION] [END LEAP CONFIDENTIAL INFORMATION] percent of Leap handsets were replaced in the last 18 months).

⁴ Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993, Annual Report and Analysis of Competitive Market Conditions with Respect to Mobile Wireless, Including Commercial Mobile Services, WT Docket No. 11-186, Sixteenth Report, 28 FCC Rcd. 3700, 3864 ¶ 257 (2013).

customers to the New Cricket on the AT&T network within 18 months after closing.⁵ Given the current rate of Leap customer's handset replacements and churn, AT&T anticipates that the majority of the Leap customer base will either migrate to AT&T's network or churn well before the 18-month migration target.⁶

Prior to completing the customer migration in a particular area, AT&T will continue to support CDMA prepaid services for existing Leap customers at their current pricing plans so that Leap customers who choose not to migrate to the New Cricket or to defer their migration may continue using their existing CDMA devices until that time. Leap customers will have numerous alternative prepaid offerings available to them, including various CDMA-based services, should they wish to choose a different provider.

Leap customers will have the option of using their CDMA devices on the Leap CDMA network until the customer migration is completed in a particular area. However, AT&T expects that many Leap customers will find New Cricket devices and rate plans attractive and, therefore, will choose to migrate to the New Cricket on their own initiative. Indeed, the New Cricket will compete vigorously and broadly for prepaid customers and, to that end, AT&T will continue to

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AT&T HIGHLY CONFIDENTIAL INFORMATION]. *See* AT&T Information Request Response at 43, n.49; Exhibit 15.2 at 7; *see also* Exhibit 15.1 at 7 and Exhibit 15.2 at 8, depicting an illustrative timeline for customer migration.

[END AT&T HIGHLY CONFIDENTIAL

INFORMATION], will be submitted in one of the further supplemental filings discussed above.

⁵ In certain areas, Leap customers may be migrated to the New Cricket within [**BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION**]

⁶ Further analysis regarding the customer migration timeline and process, including [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

offer all customers, including migrating Leap customers, competitive rate plans that appeal to value-conscious customers, including the option of choosing low-cost devices and low-cost services. For a period of 18 months after closing, AT&T intends to offer a \$40 per month (including all taxes and fees) prepaid plan featuring unlimited talk, text and data, wherever the Cricket brand is available nationwide. In addition, AT&T will honor the existing plan of each Leap customer as of merger close, provided that the customer does not suspend or terminate his or her service for that plan, or choose to upgrade to a device or plan that is not comparable to his or her current device or plan. AT&T is response to Request No. 16 describes the current Aio rate plans [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

INFORMATION]. 10

AT&T also plans to formulate offers to be used, if need be, to further encourage Leap customers to migrate to the New Cricket within 18 months of merger close. 11 AT&T has

[END AT&T HIGHLY CONFIDENTIAL

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

⁷ Unlimited data plans include high-speed allowances. *See* AT&T Information Request Response at 51. The \$40 plan is for feature phones.

⁸ *Id.* at 45-46 & n.55.

⁹ *Id.* at 45-46; Joint Opposition at 7.

¹⁰ See AT&T Information Request Response at 51 (describing existing Aio's simple, all-inclusive rate plans). As discussed above, for a period of 18 months after closing, AT&T intends to offer a \$40 per month (including all taxes and fees) prepaid plan featuring unlimited talk, text and data, wherever the Cricket brand is available nationwide. [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

¹¹ In certain areas where AT&T plans to migrate customers to the New Cricket within [**BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION**]

experience in successfully migrating prepaid customers in past transactions and will tap into that experience here. To the extent these offers become available, they will be communicated via text message, and will be available to Leap customers in New Cricket stores. AT&T also plans to use additional customer incentives toward the end of the customer migration period to ensure a timely migration. However, their specific amount, scale, and timing have not yet been defined. Migration Plans for Lifeline Customers

As long as a Leap Lifeline customer does not suspend or terminate his or her service for that Lifeline plan or choose to upgrade to a device or plan that is not comparable to his or her current Lifeline device or plan, the customer will be able to continue to use his or her CDMA device [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

[END AT&T HIGHLY

CONFIDENTIAL INFORMATION] until AT&T terminates consumer-based CDMA services in a particular area. As described above, AT&T plans to terminate CDMA services within 18 months of merger close, with certain areas completed within [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION] [END AT&T HIGHLY CONFIDENTIAL INFORMATION]. AT&T intends to offer these customers a non-Lifeline GSM-based

[END AT&T

HIGHLY CONFIDENTIAL INFORMATION] AT&T may offer incentives earlier in the migration process, although the specific amount, scale, and timing have not yet been defined.

service.¹² As described above, AT&T will continue to offer all customers, including these migrating Leap Lifeline customers, the option of choosing low-cost devices and low-cost services. In addition, Lifeline customers will be permitted to terminate their CDMA service at any time¹³ and may move to alternative Lifeline service providers. To assist Leap Lifeline customers in understanding their options, AT&T plans to provide them, upon request, with information about available Lifeline service providers in the local area.

[END AT&T HIGHLY CONFIDENTIAL INFORMATION]

¹² [BEGIN AT&T HIGHLY CONFIDENTIAL INFORMATION]

¹³ Because these Leap Lifeline customers have prepaid services, there will not be any early termination fee associated with such termination.